

INVESTMENT ADVISER

CAPITAL GROWTH MANAGEMENT
LIMITED PARTNERSHIP
Boston, Massachusetts 02110

TRANSFER AND DIVIDEND PAYING AGENT AND CUSTODIAN OF ASSETS

STATE STREET BANK AND TRUST COMPANY
Boston, Massachusetts 02111

SHAREHOLDER SERVICING AGENT FOR STATE STREET BANK AND TRUST COMPANY

BOSTON FINANCIAL DATA SERVICES, INC.
P.O. Box 8511
Boston, Massachusetts 02266-8511

CGM Mutual Fund

80th Annual Report
December 31, 2009

A No-Load Fund

TELEPHONE NUMBERS

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for the 1st & 3rd Quarters (as filed on Form N-Q)
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MAILING ADDRESS

CGM Shareholder Services
c/o Boston Financial Data Services
P.O. Box 8511
Boston, MA 02266-8511

WEBSITE

<http://www.cgmfund.com>

This report has been prepared for the shareholders of the Fund and is not authorized for distribution to current or prospective investors in the Fund unless it is accompanied or preceded by a prospectus.

MAR09

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Investment Adviser

Capital Growth Management
Limited Partnership

To Our Shareholders:

CGM Mutual Fund returned 3.7% during the fourth quarter of 2009 compared to the Standard and Poor's 500 Index which grew 6.0% and the Merrill Lynch U.S. Corporate, Government and Mortgage Bond Index which returned 0.03%. For the year just ended, CGM Mutual Fund increased 15.9%, the S&P 500 Index rose 26.5% and the Merrill Lynch U.S. Corporate, Government and Mortgage Bond Index returned 5.2%.

The Year in Review and Economic Outlook

We believe the economic outlook is decidedly brighter today than it was one year ago. Indeed, the first quarter of 2009 was disastrous. Credit lines for most major banking institutions were frozen or severely limited, unemployment in the United States was rapidly rising and the stock market plummeted 25% in the first nine weeks of 2009. At the end of February 2009, General Motors reported a \$30.9 billion loss for 2008 and shortly thereafter, the Federal government seized control of the company and replaced its chairman.

In the bond market, the flight to quality drove the yield on the 10-year Treasury bond to a low of 2.2% on January 15, 2009. Interest rates remained exceptionally low throughout the first quarter of the year, barely skirting 3.0%, but helping to set the stage for a rise in equity prices.

On March 10, the equity market, as measured by the S&P 500 Index, started to climb once credit lines showed signs of thawing and investor confidence began to pick up. Economic news was still grim though earlier fears of a shutdown of the banking system never materialized. General Motors did file for bankruptcy adding thousands of workers to the unemployment rolls and helping to lift the percentage of out-of-work Americans to 9.4% of the labor force in May. Despite this staggering number, other tentative signs of economic strengthening began to emerge during the summer months: sales of single family homes jumped in July, the Consumer Confidence Index spiked to 54.5 in August from 47.4 in July and

retail sales increased 2.4% in August as well. By mid-September, Fed Chairman Ben Bernanke declared the worst recession since the 1930s "very likely over."

Nonetheless, other less-than-rosy statistics seemed to dog the recovery generating some skepticism about its pace and questions as to whether the economy will relapse once large government stimulus programs are exhausted. New home sales fell 4.2% in September, the Consumer Confidence Index slid back to 48.7 in October and the Gross Domestic Product was revised downward for the third quarter of 2009 from 3.5% to 2.8% and finally, to a disappointing 2.2%. Even more troubling, the Federal Deposit Insurance Corporation reported a deficit of \$8.2 billion in the third quarter, its first shortfall since 1992, and the number of institutions the FDIC identified as "problem banks" rose from 416 on June 30 to 552 on September 30.

But then, new home sales picked up again, rising 4.3% in October, and a special \$8,000 tax credit for first time home buyers helped boost sales of existing homes up 9.9% in October—the biggest jump in ten years—and up again 7.4% in November. The unemployment rate in 2009 topped out at 10.2% in October and fell back to 10% in November, a very encouraging sign.

Estimates suggest that nearly one half of the 7.3 million jobs lost since December 2007 were in manufacturing and construction. Fifty years ago, manufacturing jobs accounted for 30% of our workforce whereas today, manufacturing represents only 9% and the number continues to decline. We suspect many of those who lost jobs in the manufacturing sector will need to be re-trained in other fields in order to re-enter the labor force. As a result, we anticipate the recovery in jobs will be slower than it has been in other recessions.

CGM MUTUAL FUND

Given conflicting economic signals throughout the fall, the equity market traded within a narrow range from mid November through most of December though the S&P 500 Index did end the year at a new recovery high. We believe economic news will continue to improve with slow and lagging indicators picking up pace as we move into 2010. We also think the global economy seems similarly positioned to ours with China and India leading the upward charge. A cheaper dollar is providing an extra boost to the U.S. economy through exports to other countries. Admittedly, unemployment remains significant, which tempers prospects for a more robust recovery. At the same time, a high unemployment rate allows for additional growth in the economy before inflationary forces come into play. We believe such an environment is good for interest rates, business expansion and corporate profits. Add to the mix, ten year U.S. Treasury bond rates at 3.8% and 30-year yields at 4.6% on December 31 and conditions could be conducive to higher equity prices.

Portfolio Strategy

CGM Mutual Fund began the year with an economically defensive portfolio: drugs and hospital supplies were the largest holdings on December 31, 2008. Over the course of 2009, the Fund replaced these stocks with holdings in companies that we expect will benefit from economic recovery, including technology, automotive, mining, transportation and investment banking stocks.

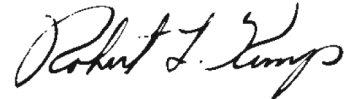
While the Fund benefitted from these changes, the boost to returns was not sufficient to offset underperformance during the first half of the year.

The Fund's biggest gains for the year were realized from investments in Ford Motor Company, Freeport-McMoRan Copper & Gold Inc., The Goldman Sachs Group, Inc. and Baidu, Inc. ADR (no longer held at year end). The

most significant losses were in Apollo Group, Inc., Colgate-palmolive Company, Abbott Laboratories, and Celgene Corporation, none of which the Fund held at year end.

Throughout the year, the fixed income section of the portfolio fluctuated between 27% and 31% of total net assets. The Fund owned long-term investment grade corporate bonds which provided significant current yield and price appreciation from January 2009 forward.

CGM Mutual Fund was approximately 27% invested in corporate bonds on December 31, 2009. The equity portion of the portfolio held significant positions in the investment banking, copper and automobile industries. The Fund's three largest equity holdings were Ford Motor Company, The Goldman Sachs Group, Inc. and Freeport-McMoRan Copper & Gold Inc.



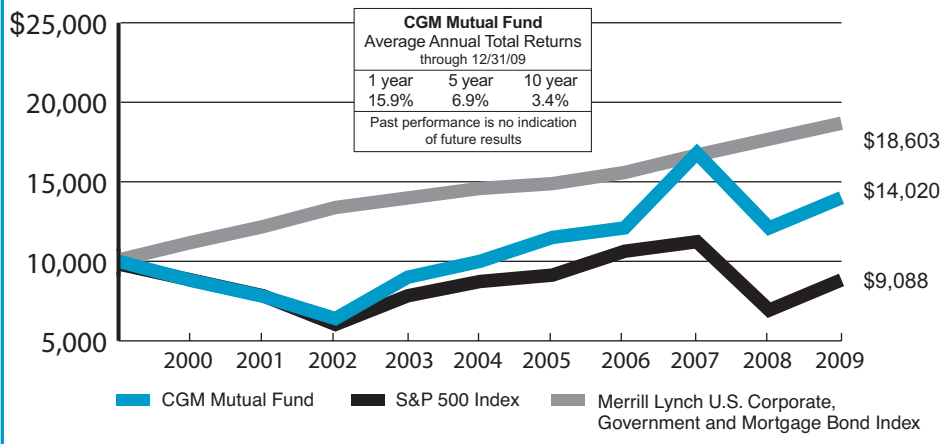
Robert L. Kemp
President



G. Kenneth Heebner
Portfolio Manager

January 4, 2010

Comparisons of the change in value of a \$10,000 investment in CGM Mutual Fund, the S&P 500 Index, and the Merrill Lynch U.S. Corporate, Government and Mortgage Bond Index
 assuming reinvestment of dividends and capital gains



CGM MUTUAL FUND
Portfolio Manager

G. Kenneth Heebner has managed CGM Mutual Fund since 1981. In 1990, Mr. Heebner founded Capital Growth Management Limited Partnership with Robert L. Kemp. Prior to establishing the new company, Mr. Heebner was at Loomis, Sayles and Company where he managed the Fund, then known as Loomis-Sayles Mutual Fund. In addition to CGM Mutual Fund, Mr. Heebner currently manages CGM Realty Fund and CGM Focus Fund as well as other funds and accounts.

INVESTMENT PERFORMANCE
 (unaudited)

Cumulative Total Return for Periods Ended December 31, 2009

	CGM Mutual Fund
10 Years	+40.2%
5 Years	+39.3
1 Year	+15.9
3 Months	+ 3.7

The performance data contained in the report represent past performance, which is no guarantee of future results. The graph and table above do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of all Fund shares and assumes the reinvestment of all Fund distributions. The investment return and the principal value of an investment in the Fund will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

Commencing July 1, 2003 and ending June 30, 2004, Capital Growth Management agreed to voluntarily waive a portion of the management fee, lowering the annual rate to 0.72% of the Fund's average daily net assets. Otherwise, the cumulative total return and the average annual total return for the 10 year period ended December 31, 2009 would have been lower.

CGM MUTUAL FUND

PORTFOLIO DIVERSIFICATION as of December 31, 2009

COMMON STOCKS

Industry	Percent of net assets
Banks-Money Center	17.7%
Copper	10.7
Auto and Related	9.1
Metals and Mining	5.6
Technology	5.3
Peripherals	5.3
Business Services	5.0
Healthcare - Services	4.9
Retail	3.0
Media	2.9
Electronic Components	2.5

BONDS

Industry	Percent of net assets
Healthcare – Services	9.7%
Beverages and Tobacco	5.7
Oil Refining	5.1
Telephone	4.5
Media	2.1

INVESTMENTS as of December 31, 2009

COMMON STOCKS – 72.0% OF TOTAL NET ASSETS

	Shares	Value(a)
Auto and Related – 9.1%		
Ford Motor Company (b)	5,000,000	\$ 50,000,000
Banks - Money Center – 17.7%		
Itaú Unibanco Holding S.A. ADR (c)	1,200,000	27,408,000
Morgan Stanley	925,000	27,380,000
The Goldman Sachs Group, Inc.	250,000	42,210,000
		<u>96,998,000</u>
Business Services – 5.0%		
FEDEX Corporation	330,000	27,538,500
Copper – 10.7%		
Freeport-McMoRan Copper & Gold Inc. (b)	440,000	35,327,600
Southern Copper Corporation	710,000	23,366,100
		<u>58,693,700</u>
Electronic Components – 2.5%		
Marvell Technology Group Ltd. (b)	420,000	8,715,000
Micron Technology, Inc. (b)	500,000	5,280,000
		<u>13,995,000</u>

See accompanying notes to financial statements.

CGM MUTUAL FUND

INVESTMENTS as of December 31, 2009 (continued)

	Shares	Value(a)
Healthcare - Services — 4.9%		
Express Scripts, Inc. (b)	310,000	\$ 26,799,500
Media — 2.9%		
CBS Corporation	1,150,000	16,157,500
Metals and Mining — 5.6%		
Teck Resources Limited (b)	875,000	30,598,750
Peripherals — 5.3%		
Western Digital Corporation (b)	660,000	29,139,000
Retail — 3.0%		
Wal-Mart Stores, Inc.	305,000	16,302,250
Technology — 5.3%		
Google Inc. (b)	47,000	29,139,060
TOTAL COMMON STOCKS (Identified cost \$315,695,803)		395,361,260
BONDS — 27.1% OF TOTAL NET ASSETS		
	Face Amount	
Beverages and Tobacco — 5.7%		
Altria Group, Inc., 9.950%, 11/10/2038	\$24,000,000	31,284,240
Healthcare - Services — 9.7%		
UnitedHealth Group Incorporated, 6.875%, 2/15/2038	25,000,000	25,838,775
WellPoint, Inc., 6.375%, 06/15/2037	27,000,000	27,474,579
		53,313,354
Media - 2.1%		
AOL Time Warner Inc., 7.700%, 5/01/2032	10,000,000	11,743,350
Oil Refining — 5.1%		
Valero Energy Corporation, 6.625%, 6/15/2037	30,000,000	28,149,960
Telephone — 4.5%		
AT&T Corp., 6.400%, 5/15/2038	24,000,000	24,664,056
TOTAL BONDS (Identified cost \$125,275,885)		149,154,960
SHORT-TERM INVESTMENT — 0.6% OF TOTAL NET ASSETS		
American Express Credit Corporation, .03%, 1/04/10 (Cost \$3,195,000)	3,195,000	3,195,000
TOTAL INVESTMENTS — 99.7% (Identified cost \$444,166,688)		547,711,220
Cash and receivables		5,604,790
Liabilities		(4,063,047)
TOTAL NET ASSETS — 100.0%		\$ 549,252,963

(a) See note 2A.

(b) Non-income producing security.

(c) An American Depositary Receipt (ADR) is a certificate issued by a U.S. bank representing the right to receive securities of the foreign issuer described. The values of ADRs are significantly influenced by trading on exchanges not located in the United States or Canada.

See accompanying notes to financial statements.

CGM MUTUAL FUND

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2009

Assets

Investments at value (Identified cost — \$444,166,688)	\$547,711,220	
Cash	3,622	
Receivable for:		
Securities sold	\$3,304,460	
Shares of the Fund sold	300,277	
Dividends and interest	1,996,431	5,601,168
Total assets		<u>553,316,010</u>

Liabilities

Payable for:		
Securities purchased	2,967,024	
Shares of the Fund redeemed	172,252	
Tax withholding liability	88,233	
Distributions declared	255,547	3,483,056
Accrued expenses:		
Management fees	414,909	
Trustees' fees	15,675	
Accounting, administration and compliance expenses	12,112	
Transfer agent fees	79,020	
Other expenses	58,275	579,991
Total liabilities		<u>4,063,047</u>

Net Assets \$549,252,963

Net assets consist of:

Capital paid-in	\$597,198,084
Accumulated net realized losses on investments	(151,489,653)
Net unrealized appreciation on investments	103,544,532

Net Assets \$549,252,963

Shares of beneficial interest outstanding, no par value 21,422,824

Net asset value per share* \$25.64

* Shares of the Fund are sold and redeemed at net asset value (\$549,252,963/21,422,824).

STATEMENT OF OPERATIONS

Year Ended December 31, 2009

Investment Income

Income:	
Dividends (net of withholding tax of \$118,416)	\$ 4,455,986
Interest	10,879,751
	<u>15,335,737</u>

Expenses:

Management fees	4,502,423
Trustees' fees	64,329
Accounting, administration and compliance expenses	145,344
Custodian fees and expenses	88,628
Transfer agent fees	471,440
Audit and tax services	39,900
Legal	31,600
Printing	68,888
Registration fees	41,151
Miscellaneous expenses	10,563
	<u>5,464,266</u>

Net investment income 9,871,471

Realized and Unrealized Gain (Loss) on Investments

Net realized losses on investments	(25,847,815)
Net unrealized appreciation	92,047,092
Net realized and unrealized gains on investments	66,199,277

Change in Net Assets from Operations

Change in Net Assets from Operations \$76,070,748

See accompanying notes to financial statements.

CGM MUTUAL FUND

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31,	
	2009	2008
From Operations		
Net investment income	\$ 9,871,471	\$ 6,518,380
Net realized losses on investments and foreign currency transactions	(25,847,815)	(121,834,635)
Net unrealized appreciation (depreciation)	92,047,092	(80,610,010)
Change in net assets from operations	76,070,748	(195,926,265)
From Distributions to Shareholders		
Net investment income	(9,872,248)	(6,501,796)
	(9,872,248)	(6,501,796)
From Capital Share Transactions		
Proceeds from sale of shares	46,082,779	130,222,450
Net asset value of shares issued in connection with reinvestment of:		
Dividends from net investment income	8,713,291	5,749,772
	54,796,070	135,972,222
Cost of shares redeemed	(61,628,962)	(91,779,247)
Change in net assets derived from capital share transactions	(6,832,892)	44,192,975
Total change in net assets	59,365,608	(158,235,086)
Net Assets		
Beginning of period	489,887,355	648,122,441
End of period	\$549,252,963	\$ 489,887,355
Number of shares of the Fund:		
Issued from sale of shares	2,053,537	4,444,761
Issued in connection with reinvestment of:		
Dividends from net investment income	371,177	223,864
	2,424,714	4,668,625
Redeemed	(2,717,347)	(3,337,513)
Net change	(292,633)	1,331,112

See accompanying notes to financial statements.

CGM MUTUAL FUND

FINANCIAL HIGHLIGHTS

	For the Year Ended December 31,				
	2009	2008	2007	2006	2005
For a share of the Fund outstanding throughout each period:					
Net asset value at beginning of period	\$ 22.56	\$ 31.80	\$ 27.78	\$ 27.89	\$ 25.33
Net investment income (a).	0.45	0.31	0.32	0.45	0.30
Net realized and unrealized gains (losses) on investments and foreign currency transactions	3.08	(9.25)	10.33	1.09	3.40
Total from investment operations	3.53	(8.94)	10.65	1.54	3.70
Dividends from net investment income	(0.45)	(0.30)	(0.33)	(0.45)	(0.31)
Distribution from net short-term realized gains	—	—	(6.22)	(1.20)	—
Distribution from net long-term realized gains	—	—	(0.08)	—	(0.83)
Total distributions	(0.45)	(0.30)	(6.63)	(1.65)	(1.14)
Net increase (decrease) in net asset value	3.08	(9.24)	4.02	(0.11)	2.56
Net asset value at end of period.	\$ 25.64	\$ 22.56	\$ 31.80	\$ 27.78	\$ 27.89
Total return (%)	15.9	(28.2)	38.5	5.5	14.6
Ratios:					
Operating expenses to average net assets (%).	1.09	1.05	1.05	1.07	1.09
Net investment income to average net assets (%).	1.97	1.07	1.03	1.55	1.09
Portfolio turnover (%).	417	466	444	504	336
Net assets at end of period (in thousands) (\$).	549,253	489,887	648,122	504,574	514,612

(a) Per share net investment income has been calculated using the average shares outstanding during the period.

See accompanying notes to financial statements.

CGM MUTUAL FUND

NOTES TO FINANCIAL STATEMENTS – December 31, 2009

1. Organization — The Fund is a diversified series of CGM Trust which is organized as a Massachusetts business trust under the laws of Massachusetts pursuant to an Agreement and Declaration of Trust. The Trust is registered under the Investment Company Act of 1940 as an open-end management investment company. The Trust has two other Funds whose financial statements are not presented herein. The Fund commenced operations on November 5, 1929. The Fund's objective is reasonable long-term capital appreciation with a prudent approach to protection of capital from undue risks. Current income is a consideration in the selection of the Fund's portfolio securities, but it is not a controlling factor.

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

2. Significant accounting policies — Management has evaluated the events and transactions from December 31, 2009 through the date of issuance of the Fund's financial statements. For the Fund, there were no material subsequent events that required disclosure in the financial statements or footnotes.

A. Security valuation — Equity securities are valued on the basis of valuations furnished by a pricing service, authorized by the Board of Trustees. Equity securities listed or regularly traded on a securities exchange or in the over-the-counter ("OTC") market are valued at the last quoted sale price or, for certain markets, the official closing price at the time the valuations are made. A security that is listed or traded on more than one exchange is valued at the quotation on the exchange determined to be the primary market for such security. For securities with no sale reported, the last reported bid price is used. Corporate debt securities are valued on the basis of valuations furnished by a pricing service, authorized by the Board of Trustees, which determines valuations for normal, institutional-size trading units of such securities using market information, transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders. United States government debt securities are valued at the current closing bid, as last reported by a pricing service approved by the Board of Trustees. Short-term investments having a maturity of sixty days or less are stated at amortized cost, which approximates value.

When current market prices or quotations are not readily available or do not accurately reflect fair value, valuations may be determined in accordance with procedures adopted by the Board of Trustees. For example, when developments occur between the close of a market and the close of the NYSE that may materially affect the value of some or all the securities, or when trading in a security is halted, these procedures may be used. The frequency with which these procedures are used is unpredictable. These valuation procedures may result in a change to a particular security's assigned level within the fair value hierarchy described below. The value of securities used for Net Asset Value ("NAV") calculation under these procedures may differ from published prices for the same securities.

The Fund may use valuation techniques consistent with the market, income, and cost approach to measure fair value. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts (cash flows, earnings) to a single present amount. The cost

CGM MUTUAL FUND

NOTES TO FINANCIAL STATEMENTS (continued)

approach is based on the amount that currently would be required to replace the service capacity of an asset. To increase consistency and comparability in fair value measurements and related disclosure, the Fund utilizes a fair value hierarchy which prioritizes the various inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 – Prices determined using: quoted prices in active markets for identical securities.
- Level 2 – Prices determined using: other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)
- Level 3 – Prices determined using: significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect Fund’s management’s assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available in the circumstances.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value CGM Mutual Fund’s investments as of December 31, 2009:

Classification	Valuation Inputs		
	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs
Common Stocks*	\$395,361,260	\$ —	\$ —
Debt Securities			
Corporate	—	149,154,960	—
Commercial Paper	—	3,195,000	—
Total	\$395,361,260	\$152,349,960	\$ —

*All common stocks held in the Fund are Level 1 securities. For a detailed break-out of common stocks by major industry classification, please refer to the Schedule of Investments.

B. Security transactions and related investment income — Security transactions are accounted for on the trade date (date the order to buy or sell is executed) and dividend income is recorded on the ex-dividend date net of applicable foreign taxes, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable based upon its current interpretations of the tax rules and regulations that exist in the markets in which it invests. Interest income is recorded on an accrual basis and includes amortization of premium and discount. Net gain or loss on securities sold is determined on the identified cost basis. Dividend payments received by the Fund from its investment in real estate investment trusts (“REITs”) may be comprised of ordinary income, capital gains, and return of capital and as such are recorded as dividend income, capital gains or a reduction to security cost, as appropriate. Non-cash dividend payments, if any, are recorded at the fair market value of the securities received.

CGM MUTUAL FUND

NOTES TO FINANCIAL STATEMENTS (continued)

- C. Federal income taxes** — It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies, and to distribute to its shareholders all of its taxable income and net realized capital gains, within the prescribed time period. Management has analyzed the Fund's tax positions for the open tax years ended December 31, 2009 and has concluded that no provisions for federal income tax is required in the Fund's financial statements. Management's conclusion may be subject to review and adjustment at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations and interpretations thereof.

At December 31, 2009, the Fund had available for tax purposes, capital loss carryovers of \$24,782,962 expiring December 31, 2017 and \$124,560,675 expiring December 31, 2016.

As of December 31, 2009, the components of distributable earnings on a tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-Term Capital Gains	Net Unrealized Appreciation/ (Depreciation)
\$ —	\$ —	\$101,398,517

The identified cost of investments in securities owned by the Fund for federal income tax purposes, and their respective gross unrealized appreciation and depreciation at December 31, 2009 was as follows:

Identified Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
\$446,312,703	\$103,344,063	\$(1,945,546)	\$101,398,517

- D. Dividends and distributions to shareholders** — Dividends and distributions are recorded by the Fund on the ex-dividend date. The classification of income and capital gains distributions is determined in accordance with income tax regulations. Distributions from net investment income and short-term capital gains are treated as ordinary income for income tax purposes. Permanent book and tax differences relating to shareholder distributions may result in reclassifications to paid-in capital or accumulated realized gain/loss. The Fund also may utilize earnings and profits distributed to shareholders on redemption of shares as a part of the dividend deduction for income tax purposes. Undistributed net investment income or accumulated net investment loss may include temporary book and tax differences such as tax deferral of losses on wash sales, which will reverse in a subsequent period. Any taxable income or gain remaining at fiscal year end is distributed in the following year.

The tax character of distributions paid during the period ended December 31, 2009 and 2008 were as follows:

Year	Ordinary Income	Long-Term Capital Gains	Total
2009	\$9,872,248	\$ —	\$9,872,248
2008	\$6,501,796	\$ —	\$6,501,796

- E. Foreign currency translation** — All assets and liabilities initially expressed in terms of foreign currencies are translated into U.S. dollars. Transactions affecting statement of operations accounts and net realized gain/(loss) on investments are translated at the rates prevailing at the dates of the transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such

CGM MUTUAL FUND

NOTES TO FINANCIAL STATEMENTS (continued)

fluctuations are included with the net realized and unrealized gain or loss from investments. Reported net realized foreign exchange gains or losses arise from sales of foreign currency, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains or losses arise from changes in the value of assets and liabilities other than investments in securities at the end of the period, resulting from changes in the exchange rate.

F. Indemnities — In the normal course of business, the Fund may enter into contracts that provide indemnities to third parties for various potential losses and claims. The Fund's maximum exposure under these arrangements is unknown as this would depend on future claims that may be made against the Fund. The risk of material loss from such claims is considered remote.

3. Risks and uncertainties

A. Risks associated with focused investing — The Fund, although diversified, takes a focused approach to investing within particular industries or sectors of the economy or in a relatively small number of individual holdings. Therefore, the Fund may be subject to greater price volatility or be adversely affected by the performance of particular industries, sectors, or individual holdings than would a more diversified fund. In addition, funds that invest more heavily in certain industries, sectors or individual holdings are particularly susceptible to the impact of market, economic, regulatory and other factors affecting those investments.

B. Risks associated with foreign investments — The Fund may invest in securities issued by institutions, corporations and governments established by or located in foreign countries, which may be developed or undeveloped countries. Investing in foreign securities may involve significant risks. For example, there is generally less publicly available information about foreign companies, particularly those not subject to the disclosure and reporting requirements of the U.S. securities laws. Foreign issuers are generally not bound by uniform accounting, auditing, and financial reporting requirements and standards of practice comparable to those applicable to domestic issuers. Investments in foreign securities also involve the risk of possible adverse changes in investment or exchange control regulations, expropriation or confiscatory taxation, limitation on the removal of the Fund or other assets of the Fund, political or financial instability or diplomatic and other developments which could affect such investments. Foreign stock markets, while growing in volume and sophistication, are generally not as developed as those in the United States, and securities of some foreign issuers (particularly those located in developing countries) may be less liquid and more volatile than securities of comparable U.S. companies. In general, there is less overall governmental supervision and regulation of foreign securities markets, broker-dealers and issuers than in the United States. Additionally, because some foreign securities the Fund may acquire are purchased with and payable in foreign currencies, the value of these assets as measured in U.S. dollars may be affected favorably or unfavorably by changes in currency rates and exchange control regulations.

The Fund's Prospectus and Statement of Additional Information contain additional information on other risks and uncertainties relating to the Fund's investments.

CGM MUTUAL FUND

NOTES TO FINANCIAL STATEMENTS (continued)

4. Purchases and sales of securities — For the period ended December 31, 2009, purchases and sales of securities other than United States government obligations and short-term investments aggregated \$2,072,704,925 and \$2,075,685,617, respectively.

5. Fees and expenses

- A. Management fees** — During the period ended December 31, 2009, the Fund incurred management fees of \$4,502,423, paid or payable to the Fund's investment adviser, Capital Growth Management Limited Partnership ("CGM"), certain officers and employees of which are also officers and trustees of the Fund. The management agreement provides for a fee at the annual rate of 0.90% on the first \$500 million of the Fund's average daily net assets, 0.80% of the next \$500 million and 0.75% of such assets in excess of \$1 billion.
- B. Other expenses** — CGM performs certain administrative, accounting, compliance and other services for the Fund. The expenses of those services, which were paid to CGM by the Fund, include the following: (i) expenses for personnel performing bookkeeping, accounting and financial reporting functions and clerical functions relating to the Fund; (ii) expenses for services required in connection with the preparation of registration statements and prospectuses, shareholder reports and notices, proxy solicitation material furnished to shareholders of the Fund or regulatory authorities and reports and questionnaires for SEC compliance; (iii) registration, filing and other fees in connection with requirements of regulatory authorities and (iv) compliance in connection to the Investment Company Act of 1940 and the Sarbanes Oxley Act of 2002. The accounting, administration and compliance expense of \$145,344, for the period ended December 31, 2009, is shown separately in the Statement of Operations. These expenses include the reimbursement of a portion of the compensation expenses incurred by CGM for its employees who provide these administrative, accounting, compliance, and other services to the Fund, including \$122,594 of the salaries of CGM employees who are officers of the Fund.
- C. Trustees fees and expenses** — The Fund does not pay any compensation directly to any trustees who are officers or employees of CGM, or any affiliate of CGM (other than registered investment companies). For the year ending December 31, 2009, each disinterested trustee will be compensated by the Trust with an annual fee of \$70,000 plus travel expenses for each meeting attended. The disinterested trustees are responsible for the audit committee functions of the Trust's Board and have designated a chairman to oversee those functions who receives an additional \$30,000 annually. Of these amounts, the Fund is responsible for \$10,000 per trustee annually, plus an annual variable fee calculated based on the proportion of the Fund's average net assets relative to the aggregate average net assets of the Trust.

CGM MUTUAL FUND

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of CGM Trust and Shareholders of CGM Mutual Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of CGM Mutual Fund (the “Fund”, a series of CGM Trust) at December 31, 2009, the results of its operations, the changes in its net assets and the financial highlights for the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
February 17, 2010

CGM MUTUAL FUND

ADDITIONAL INFORMATION

(unaudited)

Availability of proxy voting information:

Proxy voting policies and information regarding how the Fund voted proxies relating to portfolio securities during the twelve month period ended June 30, 2009 are available without charge, upon request by calling 800-345-4048. The policies also appear in the Fund's Statement of Additional Information, which can be found on the SEC's website, <http://www.sec.gov>. The voting records can also be found on the SEC's website on the N-PX filing.

Portfolio holdings:

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

CGM MUTUAL FUND

FUND EXPENSES

As a shareholder of CGM Mutual Fund, you incur two types of costs: (1) transaction costs, which could include, among other charges, wire fees and custodial maintenance fees for certain types of accounts and (2) ongoing costs, including management fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period July 1, 2009 to December 31, 2009.

Actual return and expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical example for comparison purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as any wire fees or custodial maintenance fees that may be payable. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	<i>Beginning Account Value 7/01/09</i>	<i>Ending Account Value 12/31/09</i>	<i>Expenses Paid During Period* 7/01/09 – 12/31/09</i>
Actual	\$1,000.00	\$1,194.01	\$5.91
Hypothetical (5% return before expenses)	\$1,000.00	\$1,019.82	\$5.44

* Expenses are equal to the Fund’s annualized expense ratio of 1.07%, multiplied by the average account value over the period multiplied by 184/365 (to reflect the one-half year period).

CGM MUTUAL FUND

25 YEAR INVESTMENT RECORD DECEMBER 31, 1984 – DECEMBER 31, 2009 (unaudited)

IF YOU HAD PURCHASED ONE SHARE OF THE FUND ON DECEMBER 31, 1984

On December 31	— AND HAD TAKEN ALL DIVIDENDS AND DISTRIBUTIONS IN CASH			OR — HAD REINVESTED ALL DIVIDENDS AND CAPITAL GAINS DISTRIBUTIONS IN ADDITIONAL SHARES		
	The Net Asset Value of Your Shares Would Have Been	During the Year You Would Have Received		The Value of Your Original Investment At Each Year End Would Have Been	Which Would Represent	
		Per Share Capital Gains Distributions of	Per Share Income Distributions of		An Annual Total Return of	A Cumulative Change Expressed As An Index With December 31, 1984 = 100.0
1984	\$17.01					100.0
1985	21.53	\$ —	\$ 1.08	\$ 22.88	+ 34.5%	134.5
1986	22.86	2.75	0.94	28.62	+ 25.1	168.3
1987	20.40	4.52	1.06	32.54	+ 13.7	191.4
1988	19.94	—	1.10	33.58	+ 3.2	197.5
1989	22.34	0.95	0.93	40.87	+ 21.7	240.4
1990	21.64	—	0.93 *	41.32	+ 1.1	243.0
1991	26.80	2.64	0.97	58.22	+ 40.9	342.4
1992	26.02	1.42	0.93	61.77	+ 6.1	363.3
1993	28.88	1.93	0.86	75.24	+ 21.8	442.5
1994	25.05	—	1.04	67.94	— 9.7	399.6
1995	29.43	0.89	0.77	84.45	+ 24.3	496.7
1996	31.42	4.15	0.74	104.46	+ 23.7	614.4
1997	25.52	7.81	0.67	113.03	+ 8.2	664.8
1998	26.36	0.25	0.98	122.30	+ 8.2	719.3
1999	27.28	3.54	0.84	147.37	+ 20.5	866.8
2000	23.38	—	0.73	130.28	— 11.6	766.3
2001	20.47	—	0.20	115.17	— 11.6	677.4
2002	16.65	—	0.41	95.71	— 16.9	562.9
2003	23.00	—	0.23	133.71	+ 39.7	786.4
2004	25.33	—	0.16	148.28	+ 10.9	872.1
2005	27.89	0.83	0.31	169.93	+ 14.6	999.4
2006	27.78	1.20	0.45	179.28	+ 5.5	1054.4
2007	31.80	6.30	0.33	248.30	+ 38.5	1460.3
2008	22.56	—	0.30	178.28	— 28.2	1048.5
2009	25.64	—	0.45	206.63	+ 15.9	1215.2
Totals		\$39.18	\$17.41		+1115.2	

* Includes \$0.05 per share distributed from paid-in capital.

Shares were first offered on November 5, 1929; the net asset value per share, adjusted for stock splits and dividends, was \$8.33.

The performance data contained in this report represent past performance, which is no guarantee of future results. The table above does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The investment return on, and the principal value of, an investment in the Fund will fluctuate so that investors' shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance data quoted. The advisor waived \$0.02 and \$0.02 per share of management fee in 2003 and 2004, respectively. Otherwise, the annual total return for 2003 and 2004 and cumulative 25-year return would have been lower.

CGM MUTUAL FUND

TAX INFORMATION FOR THE TAX YEAR ENDED December 31, 2009 (unaudited)

We are providing this information as required by the Internal Revenue Code. The amounts shown may differ from those elsewhere in this report because of differences between tax and financial reporting requirements.

For the year ended December 31, 2009, the Fund designated \$0 as long-term capital dividends.

TRUSTEES AND OFFICERS

The Fund is supervised by the board of trustees (the “Board”) of the Trust. The Board is responsible for the general oversight of the Fund, including general supervision and review of the Fund’s investment activities. The Board, in turn, elects the officers who are responsible for administering the Fund’s day-to-day operations.

An asterisk in the table below identifies those trustees and officers who are “interested persons” of the Trust as defined in the Investment Company Act of 1940. Each trustee and officer of the Trust noted as an interested person is interested by virtue of that individual’s position with CGM, the Fund’s investment adviser, as described in the table below. Each trustee serves during the continued lifetime of the Trust or until he earlier dies, resigns or is removed, or if sooner, until the election and qualification of his successor. Each officer serves until his or her successor is elected or qualified or until the officer sooner dies, resigns, or is removed or becomes disqualified.

The trustees and officers of the Trust, their ages, their principal occupations during the past five years, the number of CGM Funds they oversee, and other directorships they hold are set forth below. Unless otherwise noted below, the address of each interested trustee and officer is One International Place, Boston, Massachusetts 02110. Correspondence intended for the trustees who are not “interested persons” of the Trust may be sent c/o Capital Growth Management, One International Place, Boston, Massachusetts 02110. The Statement of Additional Information for the Fund includes additional information about Fund trustees and is available, without charge, upon request by calling the CGM Marketing Department, toll free, at 800-345-4048.

<u>Name, Address and Age</u>	<u>Position Held and Length of Time Served</u>	<u>Principal Occupation During Past 5 Years and Other Directorships Held</u>	<u>Number of Funds in the CGM Funds Complex Overseen</u>
Interested Trustees			
G. Kenneth Heebner* age 69	Trustee since 1993	Co-founder and Employee, CGM; Controlling Owner, Kenbob, Inc. (general partner of CGM)	3
Robert L. Kemp* age 77	Trustee since 1990	Co-founder and Employee, CGM; Non- voting Owner, Kenbob, Inc. (general partner of CGM)	3
Disinterested Trustees			
Peter O. Brown age 69	Trustee since 1993	Counsel (formerly, Partner), Harter, Secret & Emery LLP (law firm); formerly Executive Vice President and Chief Operating Officer, The Glenmeade Trust Company (from 1990 to 1993); formerly Senior Vice President, J.P. Morgan Chase Bank (from 1981 to 1990); Trustee, TT International U.S.A. Master and Feeder Trusts (four mutual funds) from 2000-2005	3

CGM MUTUAL FUND

<u>Name, Address and Age</u>	<u>Position Held and Length of Time Served</u>	<u>Principal Occupation During Past 5 Years and Other Directorships Held</u>	Number of Funds in the CGM Funds Complex Overseen
Mark W. Holland age 60	Trustee since 2004	President, Wellesley Financial Advisors, LLC (since 2003); formerly Vice President and Chief Operating Officer, Fixed Income Management, Loomis, Sayles & Company, L.P.; formerly Director, Loomis, Sayles & Company, L.P. (from 1999 to 2002)	3
James Van Dyke Quereau, Jr. age 61	Trustee since 1993	Managing Partner and Director, Stratton Management Company (investment management); Director and Vice President, Semper Trust Co. (until 2006)	3
J. Baur Whittlesey age 63	Trustee since 1990	Member, Ledgewood, P.C. (law firm)	3
Officers			
G. Kenneth Heebner* age 69	Vice President since 1990	Co-founder and Employee, CGM; Controlling Owner, Kenbob, Inc. (general partner of CGM)	3
Robert L. Kemp* age 77	President since 1990	Co-founder and Employee, CGM; Non-voting Owner, Kenbob, Inc. (general partner of CGM)	3
David C. Fietze* age 40 address: 38 Newbury Street Boston, Massachusetts 02116	Chief Compliance Officer since 2004	Employee – Legal counsel, CGM	3
Kathleen S. Haughton* age 49 address: 38 Newbury Street Boston, Massachusetts 02116	Vice President since 1992 and Anti-Money Laundering Compliance Officer since 2002	Employee – Investor Services Division, CGM	3
Jem A. Hudgins* age 46	Treasurer since 2004	Employee – CGM	3
Leslie A. Lake* age 64	Vice President and Secretary since 1992	Employee – Office Administrator, CGM	3
Martha I. Maguire* age 54	Vice President since 1994	Employee – Funds Marketing, CGM	3
Mary L. Stone* age 65	Assistant Vice President since 1990	Employee – Portfolio Transactions, CGM	3